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SUBJECT: IRAQ ALLIES AMBASSADORS' MEETING - SEPTEMBER 18

SUMMARY

¶1. (SBU) SUMMARY. On September 18, Ambassador David Satterfield, the Senior Advisor to the Secretary of State and Coordinator for Iraq, briefed diplomats from non-troop-contributing allies. Amb. Satterfield underscored key themes from Amb. Crocker's congressional testimony the previous week. If one assesses conditions in Iraq solely on the basis of performance of the national government and the 18 congressionally mandated benchmarks, then a critical and positive phenomenon is missed. The Government of Iraq's minimal success to date in passing national legislation to address a broad range of issues is offset by the pragmatic and positive accommodations on the ground in the provinces which effectively mirror the intent of national legislation. The central government, while certainly responsible for its own halting performance, is not the fundamental "problem" per se - rather, fundamental changes in Iraqi society post-Saddam and the absence of consensus on basic questions of Iraqi identity underlie the difficulties in moving "benchmark" issues to resolution. The sum of the positive developments taking place on the ground from the "bottom up" do not yet constitute "reconciliation," but are the incubator or precursor of reconciliation and provide a reason for hope and a reason to continue our support - support that, if withdrawn, will unravel recent accomplishments and result in greater violence and terror and attendant expansion of the presence and influence of forces such as AQI (Al-Qaeda in Iraq) and Iran. END SUMMARY.

INTRODUCTION

¶2. (SBU) NEA hosted a meeting of ambassadors and representatives from non-troop contributing allies on September 18 to complement a September 13 meeting of ambassadors from 32 troop-contributing nations (plus EU Commission) with NSC's General Lute following the testimonies by Amb. Crocker and General Petraeus. Amb. Satterfield welcomed this opportunity to discuss the recent assessments and where things stand for the way ahead.

¶4. (SBU) On the national level, if success is measured by progress on the 18 benchmarks (which were proposed by Iraqis and endorsed by Congress), then we are all quite frustrated since there has been very little progress:
--There is no national hydrocarbons law or revenue management law yet.
--While de-Ba thification reform is in consideration, it has not yet been enacted.
--Constitutional revision remains unfinished.
--We still await a provincial powers law and election law.

¶5. (SBU) Lack of progress on the benchmarks is not solely a result of failure by the government or the prime minister.

Progress has not been made because there is no consensus among Iraq's political leaders on key questions of Iraqi identity:

--What is Iraq?

--What should the future of Iraq look like?

--What does it mean to be an Iraqi?

This is a conflict about power, authority, resources, and territory. It has not yet worked its way through to a regional consensus on the fundamental issues about the future shape of the country. Therefore progress is slow on issues like de-Ba thification and hydrocarbons - difficult matters whose debate and resolution, or lack thereof - mirror the state of the national leadership debate on the direction Iraq should take.

PROGRESS IN AL-ANBAR

¶16. (SBU) As Ambassador Crocker noted, it is important to look at "bottom up" progress taking place outside the narrow context of the Baghdad leadership debate over the legislative benchmarks. Real advances are being made in restoring stability to challenged areas, most notably in Anbar Province but also in other parts of Iraq, consisting of pragmatic changes on the ground which are improving security and allowing bridges to be built not just among local authorities and populations, or between local figures and MNF-I, but with Baghdad as well. Local Anbari elements (many of whom had

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been part of the violent insurgency) decided they had had enough and moved against AQI. At one point last summer, we had described Anbar as "lost." The change has been revolutionary: mayors returned and the provincial council which had been in exile in Baghdad for over a year returned.

¶17. (SBU) The first action the returning provincial council took was to assess the province's needs, producing a bill for \$100 million. The Government of Iraq (GOI) is quite liquid in resources but has been "illiquid" in its ability to move those resources. As a consequence of positive steps we had undertaken over the past year and more to build budget execution capacity, the GOI was able to respond to the needs of Anbar Province - including an additional \$70 million which Prime Minister Maliki approved on his visit to the region. An additional \$50 million was approved to compensate for AQI terrorism. Thus, the GOI is providing a total of \$220 million of which \$170 million has already been allocated on the ground.

THE WAY AHEAD

¶18. (SBU) Does all of this constitute "reconciliation?" We would argue that genuine reconciliation is a further goal yet. But practical accommodation on the ground provides the precursor - or essential ground - for reconciliation. This also has the ability to lead to reduced sectarian violence, reestablishment of order, and reaching out in both directions (local to central level and central to local level). This facilitates the reintegration of violent elements into the state, the army, and broader national life, making them now participants in the life of the state.

¶19. (SBU) There is a real potential for stabilization of Iraq in all such bottom-up progress, but we still see a need for fundamental national legislation. While we continue to press national political leaders to move forward, we are also seeking to be as agile as possible in facilitating further accommodations at the local, working level that, in many ways, meet the goals of the still-lacking national action. For example, while no de-Ba thification law currently exists, former insurgents, many of them Ba thists, in Anbar Province

are now being paid as part of the national security forces. General Petraeus calls this "local immunity." Another example concerns the hydrocarbons law: even though no national law has yet been approved, a Shi a central government has allocated money - from hydrocarbon revenues - for all the provinces, including \$220 million for Anbar, a Sunni province, achieving an equitable distribution based on respective needs.

¶10. (SBU) Are we confident the aforementioned improvements will continue? No - Ambassador Crocker has been blunt on this point. There are no guarantees, but there is reason for hope. If these changes do not continue, however, the only alternative is a reversion to chaos and terror - in which not only the people of Iraq will suffer; forces such as AQI and Iran will advance their interests at our expense and the expense of the region and the international community. Thus, the key mission of MNF-I is to bring down and keep down the levels of sectarian violence and confront AQI. We believe the surge has been successful in this - not just in reducing militia activity but also AQI suicide attacks. The latter have fallen 50% over the last four months, 80% since early spring. AQI is still a very threatening force, but it is feeling the press of our actions and those of the Iraqi security forces. General Petraeus is confident enough in what the surge and Iraqi forces have achieved on the ground that he has recommended a drawdown of surge forces starting in December - five months ahead of the "hard" drawdown commencement date of next April. Marine surge forces begin redeployment this month. Another assessment by Amb. Crocker and General Petraeus is due in March 2008. All of us hope we will see a continuation of current positive trends.

REGIONAL CONTEXT

¶11. (SBU) The core conflict in Iraq is an unresolved conflict over the nature of the state. We believe the success of Iraq in a practical sense - defined as progress toward greater stability and security - will be a bulwark against organizations of terror, such as AQI, and strategic state sponsors of terror such as Iran and Syria. Iraq exists in a region, not a vacuum, and Iran's approach to Iraq is a strategic one, executed in Iraq as well as through radical Palestinians, Hizballah, and in Iran's pursuit of nuclear weapons. Iran uses Iraq as a forum to advance specific goals in that country and also to protect its influence elsewhere

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in the region. If we succeed in stabilizing Iraq, we can make the region as a whole more secure. Just as Iran acts on a regional basis, so we are acting in a strategic manner on a variety of regional fronts to advance security, stability, and greater regional peace. We are working with Israel and Palestinian President Abbas on plans for an international event to be held in November to advance resolution of the Israeli-Palestinian conflict. We have been working with the Persian Gulf states, Egypt, and Jordan (the Gulf Cooperation Council plus two) since last September to help build a common Gulf security architecture. We have worked to validate and support those allies through a significant arms sales package and through the Economic Support Fund and Foreign Military Financing. The international community as a whole is now engaged in a confrontation with Iran over its nuclear weapons program. We are moving with our allies on multiple fronts to deal with this threat to global peace and security. We are working for a third Chapter 7 UN resolution; we are working to mobilize further state-to-state pressure on Tehran, as well as bringing additional pressure through financial institutions to further impress on Iran the price that must be paid for its behavior.

¶12. (SBU) Finally, Iraq needs support. There are two venues coming up for Iraq's neighbors and the broader international community to offer such aid and to hear the GOI express its own assessment of progress. On Saturday, September 22, the

UN Secretary-General hosts a meeting in New York to discuss UNSCR 1770 that expanded the mandate of the UN Assistance Mission - Iraq (UNAMI) and the status of the International Compact with Iraq. In early November, the Expanded Neighbors Ministerial will take place in Istanbul to carry on the dialogue begun in Sharm el-Sheikh - a useful and valuable forum to discuss what is happening in Iraq and its importance to the people of the region.

CONCLUDING REMARKS

¶13. (SBU) Our allies are critical and strategic participants and we ask them to continue with us. We will be working with the Iraqi government in the months ahead in several areas:
--Securing an extension through 2008 of the authorities in the existing UNSCR 1723;
--Discussing through the Strategic Partnership Dialogue the long-term relationship between Iraq and the United States and the long-term basis for U.S. force presence;
--We will also be in close contact with all those who have troops in Iraq as these critical discussions move forward.
We look forward to our coming talks and continued relationship with Iraq.

Q & A

¶14. (SBU) Canadian PolCouns Brown asked about the status of the communique issued by the five Iraqi political leaders in August. He also wanted to know Amb. Satterfield's thoughts on Amb. Crocker's "mixed record" response when asked about Syria's actions in the region.

Amb. Satterfield responded that we continue to be engaged with Iraqi political leaders and this will not diminish, even though there is no national consensus on the future of Iraq. Our interest is in seeing greater security and stabilization, and this must be pursued both through a bottom-up and top-down approach. Regarding Syria, we have seen no discernible change related to the flow of foreign fighters. Nothing has come from Syria's hosting of the Border Security Working Group. In addition, the GOI reports that nothing resulted from recent meetings held during Prime Minister Maliki's visit to Damascus. Syria is making the strategic choice to continue to play a hand in Iraq through jihadists, and we have made clear that this behavior must change.

¶15. (SBU) Dutch Ambassador Kroner asked if the benchmark approach was an accurate measure in any way.

Amb. Satterfield responded that the benchmarks measure, in one formal sense, the ability of the leaders of Iraq to come to a consensus. The hydrocarbons legislation is important. We want to see provincial elections, as do most Iraqis. Our argument is that one cannot ignore the benchmarks but something else is happening on the ground that is important and that must be encouraged.

¶16. (SBU) European Commission Counselor Brender asked for elaboration on the long-term security agreement.

Amb. Satterfield replied that the Iraqi leadership called on the United States to work with the GOI on this subject. The

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United States contemplates a continued significant presence and needs agreed-upon state-to-state arrangements both for Iraqi sovereignty reasons and for our own purposes. However, our near-term goal is the extension of current UNSCR authorities through the end of 2008. While it is clear that we must move beyond CPA Order 17 and UNSCRs to a long-term security arrangement, we are still contemplating different models of security arrangements to determine the best way forward.
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